

Message Text

UNCLASSIFIED

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17

ACTION NEA-16

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 DRC-01 /134 W

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R 240532Z JUL 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2861

INFO AMEMBASSY DACCA

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 9832

E.O. 11652: N/A

TAGS: EFIN IN

SUBJECT: GOI TO PRESENT SUPPLEMENTARY BUDGET TO CONTROL INFLATION

REF: NEW DELHI 9057

1. PARLIAMANTARY AFFAIRS MINISTER RAGHURAMAIAH ANNOUNCED IN PARLIAMENT ON JULY 22 THAT A SUPPLEMENTARY BUDGET WOULD BE PRESENTED ON JULY 31, 1974 AS PART OF THE GOI ANTI-INFLATIONARY PACKAGE. EARLIER, THE GOI HAD PROMULGATED THREE ORDINANCES ON WAGES, DIVIDENDS, AND COMPULSORY DEPOSITS TO CONTROL INFLATION, AND IT HAS JUST INCREASED INTEREST RATES (SEPTTEL).

2. FOR IFY 1974/75, THE GOI HAD INITIALLY BUDGETED FOR A RS.1.25 BILLION (DOLS.156 MILLION) DEFICIT. WHILE IT IS STILL EARLY TO TELL MUCH, ABOUT JUST HOW HIGH EXPENDITURES WILL BE, SUBSTANTIAL INCREASES IN GOVERNMENT EXPENDITURES ON SUCH ACCOUNTS AS ADDITIONAL WAGE SETTLEMENTS (WHICH COUNT AS EXPENDITURES EVEN IF IMPOUNDED), RELIEF AND WELFARE MEASURES, SUBSEQUENT TO THE BUDGET PRESENTATION, UNCLASSIFIED

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MAKE IT LIKELY THAT THE ACTUAL DEFICIT COULD BE SUBSTANTIALLY LARGER

THAN THE BUDGETED LEVEL. TWO GOVERNMENT COMMITTEES APPOINTED IN JUNE TO EXAMINE THESE ADDITIONAL EXPENDITURES REPORTEDLY ESTIMATED THAT THEY WOULD PROBABLY AMOUNT TO RS. 6 BILLION (DOLS.750 MILLION) IN IFY 1974/75.

3. THE PROPOSED SUPPLEMENTARY BUDGET, ABOUT WHICH THERE ARE NO DETAILS SO FAR, IS INTENDED TO MOBILIZE RESOURCES TO MEET A PART OF THESE ADDITIONAL EXPENDITURES.KREISBERG

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, ANTIINFLATIONARY PROGRAMS, WAGE RATES, COST OF LIVING WAGE ADJUSTMENT, SUPPLEMENTAL BUDGET
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Copy: SINGLE
Draft Date: 24 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
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30 JUN 2005

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